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Cyndie Eby
Executive Director-
Federal Regulatory

USWEST

October 18, 1995

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, NW, Room 222, SC 1170
Washington, DC 20554

RE: Notice of Proposed Rulemaking, End User Common Line Charges, CC Docket No. 95-72

Dear Mr. Caton:

The Bell Operating Companies were asked to provide information regarding non-traffic sensitive costs for single and multi-channel services that they offer. The following information is provided in response to the September 29, 1995 and October 11, 1995 letters from Kathleen Wallman, Chief, Common Carrier Bureau:

- Matrix of Non-Traffic Sensitive (NTS) Cost Breakdown
- Expense associated with the NTS cost components & accounts
- NTS cost and EUCL analysis

In accordance with the above-mentioned letters, two copies are being served upon you and two additional copies with the Chief, Policy and Program Planning Division of the Common Carrier Bureau.

Acknowledgment and date of receipt of this filing are requested. A copy of this transmittal is provided for this purpose. Please contact me if you have questions.

Sincerely,

Cyndie Eby

Attachments
cc: Chief, Policy and Program Planning Division, CCB

NON-TRAFFIC SENSITIVE COST BREAKDOWN
VARIOUS ACCESS ARRANGEMENTS

ACCESS ARRANGEMENT	NON-TRAFFIC SENSITIVE (NTS) COSTS	DESCRIPTION	VOICE GRADE CHANNELS	SIGNALS	SEPARATIONS CATEGORY
Single Line Residence (1FR) & Single Line Business (1FB)	•Loop 2 Wire	Two wire loop composed of those outside plant and circuit facilities extending from the central office to and including the customer serving terminal. Costs for loop facilities include cables, associated supporting structures, cable terminals, air drying equipment, repeaters, and channel plugs associated with pair gain devices.	1	Analog	Cable & Wire Facilities Category 1 Subscirber
	•Drop	Pair of wires which connect a subscriber's line from the terminal on the pole or at the terminal box to the protector on the house or building.			
	•Main Distributing Frame	Hardware in the central office which provides on one side terminations for the outside cable (loops) and on the other side provides terminations for cables carrying incoming and outgoing voice paths to the telephone switching equipment.			
	•Line Side Switch Connection	Hardware in the central office which takes the line connection from the frame to the switch control unit and physically terminates the line in the controller via a circuit card.			
Centrex Station Line	•Loop 2 Wire	See above description for 1FR &1FB	1	Analog	Cable & Wire Facilities Category 1 Subscirber
	•Drop	"			
	•Main Distributing Frame	"			
	•Line Side Switch Connection	"			
PBX Trunk	•Loop 2 Wire	See above description for 1FR &1FB	1	Analog	Cable & Wire Facilities Category 2 Wide Band & Exchange Trk
	•Drop	"			
	•Main Distributing Frame	"			
	•Line Side Switch Connection	"			

NON-TRAFFIC SENSITIVE COST BREAKDOWN
VARIOUS ACCESS ARRANGEMENTS

ACCESS ARRANGEMENT	NON-TRAFFIC SENSITIVE (NTS) COSTS	DESCRIPTION	VOICE GRADE CHANNELS	SIGNALS	SEPARATIONS CATEGORY
SwitchNet 56 Line	•Loop 4 Wire	Four wire loop composed of those outside plant and circuit facilities extending from the central office to and including the customer serving terminal.	1	Analog	Cable & Wire Facilities Category 1 Subscirber
	•Drop	Wires which connect a subscriber's line from the terminal on the pole or at the terminal box to the customer's digital switching unit.			
	•Main Distributing Frame	See above description for 1FR &1FB			
	•Digital Channel Interface	Integrated Network Corporation (INC) shelf equipped with plug-in units which converts four wire full duplex data signal to a two wire full duplex data signal compatible with the switch controller			
	•Line Side Switch Connection	See above description for 1FR &1FB			
ISDN Basic Rate Service	•Loop 2 Wire	See above description for 1FR &1FB	2	Analog	Cable & Wire Facilities Category 1 Subscirber
	•Drop	"			
	•Main Distributing Frame	"			
	•ISDN Line Card	Circuit card with ISDN programming which fits into the Integrated Services Line Unit (ISLU)			
	•Integrated Services Switch Connection	Hardware in the central office which takes the line connection from the frame to the ISLU control unit and physically terminates the line.			

NON-TRAFFIC SENSITIVE COST BREAKDOWN
VARIOUS ACCESS ARRANGEMENTS

ACCESS ARRANGEMENT	NON-TRAFFIC SENSITIVE (NTS) COSTS	DESCRIPTION	VOICE GRADE CHANNELS	SIGNALS	SEPARATIONS CATEGORY
Digital Switched Services - Advanced	•T-1 Loop	Digital four-wire full duplex transmission loop extending from a central office to a customers digital PBX or other communications terminal providing 24 channel or 1.544 Mb/s pulse code modulation	24	Digital	Cable & Wire
	•High Frequencey Distribution Frame	A distribution frame that provides terminating and interconnecting facilities for those combined supergroup modulator output and combined supergroup demodulator input cirucuits.			Facilities
	•Digital Connection Panel	Hardware in the central office that takes the line connection from the HFDF to Digital Line and Trunk Unit (DLTU).			Category 2
	•Line Card	Circuit card which fits into the DLTU			Wide Band &
	•Digital Facility Switch Connection	Hardware in the central office which physically terminates the line in the DLTU			Exchange Trk
Digital Switched Services - Basic	•T-1 Loop	See above description for DSS Advanced	24	Digital	Cable & Wire
	•High Frequencey Distribution Frame	"			Facilities
	•Digital Connection Panel	"			Category 2
	•D4/D5 Multiplexor	Hardware in the central office that performs the first step of modulation. It multiplexes a group of channels into a higher frequency band and conversely demultiplexes the higher frequency band into individual channels.			Wide Band &
	•Main Distribution Frame	See above description for 1FR &1FB			Exchange Trk
	•Line Side Switch Connection	"			
ISDN Primary Rate Service	•T-1 Loop	See above description for DSS Advanced	23	Digital	Cable & Wire
	•High Frequencey Distribution Frame	"			Facilities
	•Digital Connection Panel	"			Category 2
	•ISDN Line Card	Circuit card with ISDN programming which fits into the Digital Trunk and Line Unit (DLTU) controller			Wide Band &
	•Digital Facility Switch Connection	Hardware in the central office which physically terminates the line in the DLTU			Exchange Trk

EXPENSE ITEMS & USOA ACCOUNTS
VARIOUS ACCESS ARRANGEMENTS

The following cost components are included in each type of access arrangement, 1FR, 1FB, Trunks, Digital Switched Services, ISDN, etc. The costs developed for each product are based on the investments identified for each type of access arrangement.

COST COMPONENT	ACCOUNTS
•Maintenance	6112,6113,6114,6115,6116,6121,6122, 6123,6124,6211,6212,6215,6220,6231, 6232,6311,6341,6351,6362,6411,6421, 6422,6423,6424,6426,6431,6441,6531, 6533
•Engineering	6535
•Network Operations	6534
•Network Administration	6532
•Other	6511,6512,5280.4
•Customer Operations	6611,6612,6613,6621,6622,6623
•Property & Other Operating Taxes	7240
•Uncollectibles	5301,5302,5280.8
•Depreciation & Amoritization	6561,6562,6563,6564,6565
•Federal Taxes	7210.1,7210.2,7220,7250.1,7250.2, 7250.71
•State & Local Taxes	7210.3,7210.4,7230,7250.3,7250.4,7250.5, 7250.6,7250.72

U S WEST
NON-TRAFFIC SENSITIVE COST AND EUCL ANALYSIS

	(A)	(B)	(C)	(D)	(E)
	NUMBER OF	NTS COSTS	TOTAL NTS	AVERAGE	PROPOSED
	LINES	PER SERVICE	COSTS	NTS COST	CALCS
			(A*B)	(A/C)	
SINGLE CHANNEL SERVICES					
Basic Residence	10,150,943	$19.74	$200,379,614.82		
Basic Business	2,752,710	$11.26	$30,995,514.60		
PBX Trunk	424,162	$10.77	$4,568,224.74		
Centrex	556,612	$9.13	$5,081,867.56		
PAL Line	52,237	$12.16	$635,201.92		
SwitchNet 56	2,108	$20.00	$42,160.00		
Total	13,938,772		$241,702,583.64	$17.34	
MULTI-CHANNEL SERVICES					
T1-BASED					
Digital Switch Services-Basic	3,409	$226.26	$771,320.34		
Digital Switch Services-Advanced	3,784	$136.54	$516,667.36		
ISDN-Primary Rate	271	$309.04	$83,749.84		
Total	7,464		$1,371,737.54	$183.78	11
					(183.78/17.34)
OTHER	22,451	$18.52	$415,792.52	$18.52	1
ISDN-Basic Rate					(18.52/17.34)

Data from a regional billing data base was used to determine line counts in each of the USWC study areas (states) for single channel and multi-channel services. Current cost studies, LRIC*, were used to determine the per-line, monthly NTS cost component for each service. The individual study area NTS cost and number of lines for each service were aggregated to develop a total company figure. The total monthly NTS cost were divided by the total number of lines to derive the average USWC monthly NTS cost for each category of service: single channel, multi-channel and other. The ratio between the single channel services and the two categories of multi-channel services is used to establish the proposed number of EUCLs.

COLUMN E, calculates the ratio between single line services and the two categories of multi-channel services. The number of CALCs proposed is equal to the ratio of costs.

U S WEST does not maintain "booked" cost detail at the service or cost component level as requested.

* Long Run Incremental Costs (LRIC) is the method used to estimate product and service costs that are suitable for pricing decisions. LRIC provides a measurement of costs over a period of time long enough to fully adjust to changes of output (including changes in the size of facilities, levels of investment, etc.,) in order to optimally accommodate this change. LRIC is forward looking in nature (i.e. LRIC uses the latest technology costs or replacement costs). Since LRIC is forward looking, it does *not* measure historical investment decisions of the corporation.